

FISCAL IMPACT STATEMENT ON BILL NO. **H3161, as Amended**

(Doc. No. Unknown)

TO:	The Honorable Robert E. "Bob" Walker, Chairperson, House Education and Public Works Committee		
FROM:	Office of State Budget, Budget and Control Board		
ANALYSTS:	Harry Bell, Ken Brown and Bryce Wilson		
DATE:	March 1, 2007	SBD:	2007203

AUTHOR:	HEPW Subcommittee	PRIMARY CODE CITE:	59-67-105
SUBJECT:	School Bus Transportation		

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:
See Below

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:
\$0 (No additional expenditures or savings are expected)

BILL SUMMARY:

House Bill 3161, as amended, would establish a maximum school bus ride time for public K-12 students and provide that the State Department of Education shall ensure that state-owned school buses are routed in the most efficient manner possible. The Bill also establishes a fifteen year school bus replacement cycle.

EXPLANATION OF IMPACT:

State Department of Education (SDE)

The State school bus transportation system is currently funded with a combination of State appropriations and local school district funds which are used to cover operating expenses including fuel and parts; employ mechanics and bus drivers; and purchase equipment including buses and service vehicles. State funding for the system includes "flow through" funds to the districts which are used primarily to supplement bus drivers' (district employees) salaries. The number of buses operating on a daily basis is estimated to be 5,000 (excluding reserve spares) while the total number of miles driven by the fleet is approximately 78,000,000 annually. There are several sections of the Bill for which additional costs are anticipated for both the State and the school districts.

Section 1 – 59-67-105

Based on SDE's analysis of existing ride times the Department anticipates the need for an additional 102 school buses to satisfy the ninety minute ride limit. Direct operating cost to the State per bus is an estimated \$10,830 annually (including parts and fuel). State "flow through" funds to the districts are an estimated \$9,322 per bus while district expenses are an estimated \$16,800 per bus. Therefore, direct operating expenses associated with this section are an estimated \$1,104,660. A proportionate increase in "flow through" funds to the districts would equate to \$951,000. The need for an additional 102 buses for the fleet could be achieved by delaying disposal of that number of vehicles. However, the vehicles would eventually have to be replaced and would add an additional depreciation cost of \$489,600 million annually to the fleet based on a 15 year replacement cycle.

Section 6 – 59-67-420(B)

There are currently no State funds appropriated to SDE to provide hazardous transportation services to the districts. Those districts that request this service pay SDE for costs incurred, and continue to incur some of the cost associated with hazardous transportation including bus driver salaries and fringe benefits. Total cost for hazardous transportation is \$4 million annually based on the districts' request for this service. As stated in the Bill, any cost not covered by State appropriations would remain the responsibility of the respective district. Therefore, State funding for this section is at the General Assembly's discretion.

Section 6 – 59-67-420(D)

SDE estimates it transports 136,350 students in kindergarten through fifth grade on a daily basis. If one quarter of those students are unescorted and need a half mile of additional transportation services daily, the fleet's overall mileage would increase by 3,068,000 miles annually. Total cost per mile covered by state appropriations is an estimated \$1.05 which includes 70 cents (\$.70) per mile for direct operating expenses and thirty-five cents (\$.35) per mile for depreciation (based on a 15 year replacement cycle). Therefore, direct operating costs associated with this subsection are an estimated \$2.15 million. Additional depreciation costs are an estimated \$1,073,800 annually. SDE estimates an adjustment of "flow through" funds based on increasingly bus driver's compensation at \$1.3 million. Additional district expenses are an estimated \$1.95 million including their portion of drivers' salaries and fringe benefits.

Section 7 – 59-67-580(A)

There are currently 5,600 school buses in the State Department of Education's (SDE) fleet with about 600 of those being spare buses (used when a regular route bus needs repair or inspection). SDE has \$10,676,931 in recurring bus purchase appropriations. Replacing one-fifteenth of the fleet each year would require the purchase of 373 buses annually. SDE anticipates the average cost per bus could increase to \$72,000 next year based, in large part, on new EPA engine requirements. Based on these factors a 15 year replacement cycle would require an additional appropriation of \$16,179,069 (\$26,856,000 - \$10,676,931). However, implementing such a replacement cycle could save approximately \$850,000 the first year as a result of increased fuel economy and reduced repair costs. Therefore, net first year cost can be an estimated \$15,329,000. It should be noted that in order to maintain a fifteen year replacement cycle appropriations would need to be periodically adjusted for inflation.

Section 7 – 59-67-580(B)

There are currently no State funds appropriated to SDE to provide alternate public schools transportation services to the districts. Those districts that request this service pay SDE for costs incurred, and continue to incur some of the cost associated with this transportation including bus driver salaries and fringe benefits. Total cost for alternate program transportation is \$3.9 million annually based on the districts' request for this service. Therefore, State funding for this grant program is at the General Assembly's discretion.

Section 8 – 59-67-585

SDE estimates the price differential between biodiesel and regular fuel at 2.15 cents per gallon. If the Department is able to use biodiesel 20% of the time based on \$12,900,000 gallons of fuel consumed annually savings can be an estimated \$55,470

South Carolina School for the Deaf and Blind (SCDB)

SCDB has a fleet of 25 buses that drives approximately 180,000 miles annually. SCDB estimates the costs of enactment to be \$36,600 annually due to the requirements associated with unescorted students and the transportation of four-year-olds to and from child development sessions. This includes an additional \$15,250 for fuel and parts, \$9,350 in depreciation and \$12,000 in additional bus drivers and attendant compensation.

Department of Public Safety

The Department indicates that this Bill would have no impact on the General Fund of the State or Federal and/or Other Funds as this activity is currently being performed by the Department's State Transport Police Division.

Recapitulation

Total additional operating expenses (fuel & parts) associated with enactment is an estimated \$2.16 million while annual depreciation and replacement expenses (based on a 15 year replacement cycle) are an estimated \$17.6 million. A proportional increase in "flow through" funds can be an estimated \$2.14 million while additional district expenses are an estimated \$3.4 million assuming bus driver's salaries are adjusted to compensate for the additional time. However, bus drivers' salaries are set by the respective districts and any additional cost for salaries and fringe benefits not covered by the State would be paid for by the districts. The amount appropriated for hazardous and

alternate public schools transportation is at the General Assembly's discretion but should not be more than \$7.56 million. **SDE notes that cost estimates for sections 59-67-420(B) and (D) are somewhat overlapping thereby reducing the net overall impact by approximately \$1 million (three quarters of which can be estimated as state funds). Estimates on the attached spreadsheet summary have been adjusted to reflect overlapping estimates between these two sections.** Total net impact on state funds can be an estimated \$29.5 million assuming the General Assembly increases "flow through" funds to further supplement bus drivers' salaries and covers the full cost associated with hazardous transportation and alternate public schools transportation.

SPECIAL NOTES:

None.

Approved by:

A handwritten signature in black ink that reads "Don Addy". The signature is written in a cursive, flowing style.

Don Addy
Assistant Director, Office of State Budget